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## *Policies and Procedures*

***Title:*** Federal Employees' Group Life Insurance

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This DIRECTIVE describes the Federal Employees' Group Life Insurance (FEGLI) Program which includes the Basic Life, plus Option A - Standard, Option B-Additional, and Option C - Family insurance coverages.

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## 1. ABBREVIATIONS

- AAO - Area Administrative Office
- FEGLI - Federal Employees' Group Life Insurance
- HQ - Headquarters
- LAO - Location Administrative Office
- LERB - Labor & Employee Relations Branch
- OPM - Office of Personnel Management
- PD - Personnel Division

## 2. FORMS AND INFORMATION BOOKLETS

- SF-2817 - Life Insurance Election
- SF-2817A- Description and Certification of Enrollment in the FEGLI Program
- SF-2818 - Continuation of Life Insurance Coverage
- SF-2819 - Notice of Conversion Privilege
- SF-2822 - Request for Insurance
- SF-2823 - Designation of Beneficiary
- FE-6 - Claim for Death Benefits

## 3. DEFINITIONS

**Basic Life Insurance** is coverage (\$10,000 minimum) equal to the annual rate of basic pay (rounded to next \$1,000) plus \$2,000. It includes extra benefit for employees under age 45 and accidental death and dismemberment coverage.

**Contributions** are the amounts which each agency is required to pay from its salary appropriation or other available funds as the employer's share of the cost of regular insurance.

**Conversion** is the exchange of group insurance for insurance under an individual policy purchased from a private company.

**Option A - Standard** is \$10,000 life insurance coverage plus \$10,000 accidental death and dismemberment coverage.

**Option B - Additional** is life insurance coverage equal to one, two, three, four, or five times the annual basic pay (after basic pay is first rounded to the next higher \$1,000).

**Option C - Family** is life insurance coverage of \$5,000 on the employee's spouse and \$2,500 on each unmarried dependent child under age 22.

**Withholdings** are the amounts deducted from an employee's pay for the cost of insurance coverage.

## **5. AUTHORITIES**

Federal Personnel Manual, Chapter 870  
Federal Personnel Manual, Supplement 870-1  
5 U.S.C. 87

## **6. RESPONSIBILITY**

**PD will:**

- Determine eligibility for coverage of employees under OPM's regulations.
- Obtain a completed election form (SF-2817) from each employee who is eligible for insurance.
- Maintain insurance records.
- Inform and counsel employees on insurance benefits.
- Give assistance to claimants.

**Employee will:**

- Complete the SF-2817 to enroll, or waive coverage. Participation is entirely voluntary. However, if you are eligible, you are automatically covered for Basic Life unless you waive this coverage.
- Complete changes in life insurance election (SF-2817) within the established time limits.
- Notify PD of any changes in personal status affecting enrollment.
- Examine leave and earnings statements to determine that the proper deductions are being made. Contact LAO if deductions are incorrect.

HQ employees should contact their personnel assistant in HQ, PD.

**Area Administrative Office/Location Administrative Office will:**

- Provide general information to employees in their area/location on the FEGLI Program.
- Determine initial eligibility or ineligibility of employees to participate in Program and provide eligible employees with SF-2817A and SF-2817.
- Insure that all FEGLI forms are properly completed within the established time limits and sent to PD.
- Requisition, stock, and distribute FEGLI forms, descriptive booklets, and other literature.

## **6. DESCRIPTION OF BASIC LIFE INSURANCE**

**Coverage.** All employees, except those specifically excluded by law or regulation, automatically have basic insurance coverage, unless it is waived. Employees complete SF-2817 for enrollment or waiver of life insurance. The following employees are excluded from coverage.

- Noncitizen employees whose permanent duty station is located outside a state of the United States or the District of Columbia.
- Employees serving under an appointment limited to 1 year or less, **except** employees so appointed for full-time employment, or part-time employment with a regular tour of duty, without a break in service or after a separation of 3 calendar days or less, following service in which they were insured.
- Seasonal, emergency, student trainee, and other employees for whom there is no definite expectation of immediate substantial employment. The main criterion is whether the employee's probable period of service will amount to at least 6 months each year.

**EXCEPTION:** Employees under a formal work-study program with appointments not limited to 1 year or less, and who are expected to be in pay status for at least one-third of the total time required to complete the program.

- Intermittent employees, i.e., nonfull-time employees without a prearranged regular tour of duty, **except** when employees enter into such status without a break in service, or after a separation of 3 calendar days or less following service in position in which they were insured and to which they are expected to return on a full-time basis.

Employees whose pay on an annual basis is \$12 a year or less.

**Amount of Basic Life Insurance.** Employees have basic life insurance and accidental death and dismemberment insurance, each in an amount as follows:

- If the annual pay is \$8,000 or less, the amount of insurance is \$10,000.
- If the annual pay is more than \$8,000, the amount of insurance is equal to the sum of the annual pay rounded to the next higher thousand plus \$2,000. The maximum amount of basic insurance is \$128,000.
- Basic life includes an extra benefit coverage of an amount equal to the basic insurance determined in a or b above for those employees age 45 or under. Extra benefit coverage decreases by 10 percent each year starting at age 36. At age 45, there is no extra benefit. The accidental death and dismemberment coverage does not apply to the extra benefit coverage, but only to the basic coverage. There is no additional cost for the extra benefit coverage.

**Withholdings and Contributions for Basic Life Insurance.** The cost of basic insurance is determined by OPM and is shared by the employee and by the U.S. Government as the employer. The employee's share, which is withheld from his/her pay, is one-third. The current withholdings from the employee's pay are at the biweekly rate of \$0.185 for each \$1,000 of insurance.

**Effective Date of Basic Life Insurance Coverage.** Generally, basic life insurance coverage is effective on the first day in a pay and duty status unless, before the end of the first pay period, the employee files a waiver. Withholdings begin with the first pay period, any part of which an insured employee is in a pay and duty status. During any such pay period, full biweekly premiums will be withheld from the employee's pay.

**Special Provisions with Respect to Retiring Employees and Their Eligibility to Continue Basic Life Insurance.**

- **Retention of basic insurance.** Employees who retire retain basic insurance

(NOT accidental death and dismemberment insurance) if they meet all of the following requirements:

- They retire from a position in which insured.
- They do not convert to an individual policy.
- They retire on an immediate annuity.
- They have been insured under the FEGLI program for the 5 years of service immediately preceding retirement, or the full period(s) of service during which the basic life insurance was available to them, if less than 5 years.
- **Amount of basic insurance after retirement.** The amount of basic insurance carried by a retired employee is the same as when employed (including any extra benefit coverage if under age 45). Reduction in the amount would not begin until the end of the month following the month in which the employee reaches age 65 (or retires, if later).
- **Cost of post-retirement basic life insurance.** At retirement, the employee must complete SF-2818 which will determine the cost beginning at retirement and the amount of coverage after age 65. The retiree chooses one of the three electives as described below:

Election	Cost
<b>75 Percent Reduction</b> Amount of insurance reduces 2 percent per month after age 65 to a minimum of 25 percent of the basic insurance amount at retirement.	- Before age 65, *\$0.401 per \$1,000 monthly; after age 65, nothing.  *same as active employees.
<b>50 Percent Reduction</b> Amount of insurance reduces 1 percent per month after age 65 to a minimum of 50 percent of the basic insurance amount at retirement.	- Before age 65, \$0.921 per \$1,000 monthly; after age 65, \$0.52 per \$1,000 monthly.



**No Reduction**

100 percent of the basic insurance amount at retirement is retained after age 65.

- Before age 65, \$2.091 per \$1,000 monthly; after age 65, \$1.69 per \$1,000 monthly

**Termination and Conversion.** Basic life insurance (not accidental death and dismemberment) remains in effect for a 31-calendar-day conversion period after the indicated stop date specified below or within 31 days after the employee receives notice of their right to convert. During this 31-calendar-day period, the employee may, upon application and without medical examination, convert all or part of the basic life insurance to an individual policy. PD will issue an SF-2819 for this purpose.

NOTE: There is no extension of coverage or conversion privilege when insurance stops by waiver or declination.

- Basic insurance stops on the day the employee is separated other than by retirement (see this section under subparagraph "Special Provisions with Respect to Retiring Employees and Their Eligibility to Continue Basic Life Insurance" above on the continuance of basic insurance after retirement), except while in receipt of Workers' Compensation.
- Basic insurance stops on the day preceding the one on which the employee moves to an excluded position (see first paragraph of this section "Coverage" above).
- Basic insurance stops after an employee has 12 months in a nonpay status, except while in receipt of Workers' Compensation. Insurance coverage continues **without cost to the employee** for up to 12 months on nonpay status. The 12 months nonpay status may be continuous or broken by periods of less than 4 consecutive months in a pay status.

If, after a period of nonpay status, an employee has at least 4 consecutive months during which some pay was received in each pay period, the employee is entitled to begin anew the 12 months' continuation of basic insurance.

- Basic insurance stops on the day preceding the one on which an employee enters on active military duty unless the period of such duty is covered by military leave with pay from the civilian position.

## 7. DESCRIPTION OF OPTION A - STANDARD INSURANCE

**Option A - Standard insurance** is hereinafter referred to as standard optional insurance.

**Coverage.** All employees who have basic insurance and who have not previously declined standard optional insurance are eligible to enroll in the standard optional insurance coverage.

**Election or Declination.** Each eligible employee will elect or decline standard optional insurance within 31 calendar days after becoming eligible. Employees may, at any time, cancel this insurance by completing SF-2817 and sending it to PD.

**Amount of Standard Optional Insurance.** The amount of standard optional insurance is \$10,000 (and an equal amount of accidental death and dismemberment insurance). Employees who elect standard optional insurance must elect the full \$10,000.

Premium for the \$10,000 standard optional insurance will be withheld each pay period. The cost of standard optional insurance is according to age groups and increases as the employee reaches a new age group, as follows:

Age Group	Pay Period	
	Biweekly	Monthly
Under Age 35	\$ .40	\$ .87
35 - 39	.50	1.08
40 - 44	.80	1.73
45 - 49	1.30	2.82
50 - 54	2.20	4.77
55 - 59	4.50	9.75
60 or over	7.00	15.17

**Termination and Conversion.** Standard optional insurance terminates when basic insurance terminates and is subject to the 31-calendar-day extension of coverage. During the extension, the employee may convert to an individual policy in the same way and under the same conditions as for basic insurance. There is no extension period when an employee cancels standard optional insurance.

## Retiring Employees.

- **Continuance of Coverage.** Retiring employees retain their standard optional insurance (not accidental death and dismemberment) if:
  - They retain their basic insurance **and**
  - They had their standard optional insurance in force for no less than 5 years of service immediately preceding retirement, or the full period(s) of service during which the standard optional insurance was available to them, if less than 5 years.

NOTE: For continuation purposes, the 5 years of participation includes coverage for "optional" insurance prior to April 1, 1981.

- **Premiums.** The full cost of standard optional insurance will be withheld from the annuity until age 65. Thereafter, there is no further cost to the annuitant.
- **Reduction in Amount of Standard Optional Insurance After Annuitant's 65th Birthday.** Standard optional insurance is subject to a 75 percent reduction the same as for basic insurance (see **6 Paragraph Cost of post-retirement basic life insurance, 75 Percent Reduction** above).

## 8. DESCRIPTION OF OPTION B - ADDITIONAL INSURANCE

**Coverage.** Employees who have elected basic insurance may enroll in Option B - Additional insurance, hereinafter referred to as additional optional insurance. Election or declination must be made within 31 calendar days after becoming eligible.

**Amount of Additional Optional Insurance.** The additional optional insurance is offered in multiples of one, two, three, four, or five times the annual rate of basic pay. Before multiplying, the pay is first rounded to the next higher multiple of \$1,000 if the pay is not an exact multiple of \$1,000. The annual rate before multiplying may not exceed the annual rate of basic pay for positions at Level II of the Executive Schedule rounded to the next higher \$1,000.

**Cost of Additional Optional Insurance.** The cost is according to age groups and increases as the employee reaches a new age group as follows:

Withholding for each  
\$1,000 Insurance

Age	Biweekly	Monthly
Under 35	\$ .04	\$ .087
35-39	.05	.108
40-44	.08	.173
45-49	.13	.282
50-54	.22	.477
55-59	.45	.975
60-Over	.85	1.842

**Termination and Conversion.** Additional optional insurance terminates when basic insurance terminates and is subject to the 31-calendar-day extension of coverage. During the extension, the employee may convert to an individual policy in the same way and under the same conditions as for basic insurance. Again, there is no extension period when an employee cancels insurance.

**Retiring Employees.**

- **Continuation of Coverage.** Retiring employees retain their additional optional insurance if:
  - They retain their basic insurance **and**
  - They had their additional optional insurance in force for no less than 5 years of service immediately preceding retirement, or the full period(s) of service during which the additional optional insurance was available to them, if less than 5 years.
- **Premiums.** The full cost of additional optional insurance will be withheld from the annuity until age 65. Thereafter, there is no further cost to the annuitant.
- **Reduction in Amount.** Effective at the end of the month following the month in which the employee becomes 65 or retires (if later), the amount of insurance will reduce by 2 percent per month for 50 months, at which time the coverage will end.

## 9. DESCRIPTION OF OPTION C - FAMILY INSURANCE

- **Coverage.** Employees who have elected basic insurance may enroll in Option C - Family Insurance, hereinafter referred to as family optional insurance. Election or declination must be made within 31 calendar days after becoming eligible.

Employees enrolled in basic insurance who previously declined family optional insurance, may elect family optional coverage if they marry or assume responsibility for a dependent child. Election must be filed on SF-2817 during the 60-day period following the date of the event permitting the election of coverage. Employees, not enrolled in basic insurance and who want to elect family optional insurance, must enroll in basic insurance following marriage or assuming responsibility for a dependent child. If the event occurred during the year following your waiver of basic insurance, you must enroll in basic insurance (cancel the waiver) and elect family optional insurance within 31 days after first becoming eligible to cancel waiver, or 60 days after the event.

- **Amount of Family Optional Insurance.** Family optional insurance covers "eligible family members;" \$5,000 for employee's spouse and \$2,500 for each dependent child. "Eligible family members" means the employee's spouse and unmarried dependent children under age 22, or over age 22 and incapable of self-support because of mental or physical disability which existed before the child became 22 years of age. Each additional eligible family member acquired while under family optional insurance will be automatically covered.
- **Claims.** Claims paid under the family optional insurance are paid to the employee. If payment is not made prior to the death of the employee, the family optional insurance payment shall be made to the person(s) eligible for payment.
- **Cost of Family Optional Insurance.** Employees pay the full cost of family optional insurance. The rates are according to age groups and will increase as the employee reaches higher age groups. The number of family members covered does not affect the rates. The rate schedule is as follows:

Age of Employee	Withholding for Family Coverage	
	Biweekly	Monthly
Under 35	\$ .30	\$ .65
35-39	.31	.67
40-44	.52	1.13
45-49	.70	1.52
50-54	1.10	2.38
55-59	1.75	3.79
60-Over	2.80	6.07

- **Termination and Conversion.** Family optional insurance terminates when basic insurance terminates and is subject to the 31-calendar-day extension of coverage. During the extension the employee may convert to an individual family coverage. Family members also have the right to convert their coverage under the family optional insurance within 31 calendar days following the death of the employee or in the case where the employee had the right to convert but does not elect to exercise that right. Employees must cancel their insurance when there are no longer any eligible family members. This is not automatic. There is no extension period when an employee cancels this coverage.

### Retiring Employees.

**Continuance of Coverage.** Retiring employees retain their family optional insurance if:

- They retain their basic insurance **and**
- They had their family optional insurance in force for no less than 5 years of service immediately preceding retirement, or the full period(s) of service during which the family optional insurance was available to them if less than 5 years.
- **Premiums.** The full cost of the premiums will be withheld from the employee's annuity until retiring employee reaches age 65. No further withholdings are made after age 65.
- **Reduction in Amount.** Effective at the end of the month in which the employee becomes 65 or retires (if later), the amount of family optional insurance will be reduced by 2 percent per month for 50 months. At that time the coverage will end.

## 10. CANCELLATION OF WAIVER OF DECLINATION

Employees who want to cancel a previously executed waiver of basic insurance or declination of standard optional insurance or additional optional insurance should contact their AAO or LAO. HQ employees should contact their personnel assistant in HQ, PD. Employees who meet all of the following conditions may cancel their waiver or declination:

- At least 1 year must have elapsed between the effective date of the last waiver or declination and the date of the request. In the event of a FEGLI open season, the closing date of open season is considered the effective date of the last waiver or declination if an employee takes no action.
- They must furnish satisfactory medical evidence of insurability. The medical evidence to be furnished is a physical examination report signed by a physician and completed on SF-2822. Upon review of the medical report, the Office of FEGLI will make the decision as to insurability and either authorize cancellation of the waiver or reject it. If approved, then the employee can enroll in the insurance by completing SF-2817. Any fee for medical examination and certification must be paid by the employee.

An employee who elected less than five multiples of pay of additional optional insurance is considered as having declined the higher multiples. The employee may increase the number of multiples by meeting the conditions outlined above.

- A previous waiver of basic insurance, or declination of standard, additional, or family optional insurance is automatically canceled when an employee is reinstated on or after April 1, 1981, which involves a separation from the Federal service for at least 180 days. If no new waiver or declination is filed, coverage is effective on the date the employee enters on duty in a pay status position, wherein he/she is not excluded from insurance by law or regulation, provided that for the standard, additional, and family optional insurance the employee has filed an affirmative election on the SF-2817. An employee whose declination is canceled and who does not file the form within 31 days after reinstatement shall be deemed to have declined the standard, additional, and family optional insurance.

## **11. EFFECT OF ADDING FAMILY MEMBERS ON ADDITIONAL OPTIONAL INSURANCE**

Employees do not need to meet the requirements outlined in 10 to cancel a declination of additional optional insurance under the following circumstances:

- Employees under age 36 may enroll in additional optional insurance if they marry or assume responsibility for a dependent child. They may choose as many multiples as the number of eligible family members acquired.
- Employees already covered with at least one multiple may increase the number of multiples upon marriage or acquiring a child. The number of additional multiples is limited to the number of eligible family members acquired.

Either election must be filed on SF-2817 during the 60-day period following the date of the event permitting the election of coverage.

## **12. INSURANCE ELIGIBILITY OF REEMPLOYED ANNUITANTS**

The insurance eligibility of reemployed annuitants varies, and information on specific cases should be obtained from your AAO/LAO. HQ employees should contact their staffing specialist in HQ, PD.

## **13. INSURANCE ELIGIBILITY OF EMPLOYEES IN RECEIPT OF COMPENSATION FOR WORK INJURY**

Procedures governing regular and optional insurance for employees in receipt of compensation for work injury are somewhat different from those governing employees generally. For this reason, information on insurance eligibility in specific cases should be requested from the AAO/LAO. HQ employees should contact their personnel assistant in HQ, PD.

## **14. DEATH BENEFITS**

- **Order of Precedence for Paying Death Benefits.** It is not necessary for an employee to name a beneficiary if the following order of precedence is satisfactory:
  - To the widow or widower.



- If neither the above, to a child, or children in equal shares, with the share of any deceased child distributed among the descendants of that child.
- If none of the above, to the parents in equal shares, or the entire amount to the surviving parent.
- If none of the above, to a duly appointed executor or administrator of the estate.
- If none of the above, to the next of kin under the laws of the state in which the employee is domiciled at the time of death.
- **Designation of Beneficiary.** If the standard order of precedence is not satisfactory, the employee should designate a beneficiary for insurance death benefits. The designation shall be made to some person, firm, corporation, or other legal entity. This is accomplished by completing SF-2823.

An insured employee may provide in a valid designation of beneficiary that a designated beneficiary shall be entitled to the proceeds of the insurance only if the beneficiary survives him/her for a period of time (not more than 30 days), as specified by the designator. No payment may be made to such beneficiary during that period. If the beneficiary does not survive the specified period, payment of the proceeds of the insurance will be made as if the beneficiary had predeceased the insured. Beneficiaries must file all claims, using the FE-6, thru the Retirement & Benefits Section, LERB, PD.

- **Action Necessary by Retiring Employee.** At the time an employee retires, any valid designation of beneficiary which is in the Official Personnel Folder will be withdrawn and forwarded to OPM. After retirement, changes in the designation of beneficiary are made by the retiree contacting (in writing):

Office of Personnel Management (OPM)  
Employee Service & Records Center  
Boyers, PA 16017

- **Action Necessary by Employees Becoming Eligible for Continuing Life Insurance Because They are in Receipt of Benefits Under the Federal Employees Compensation Act.** Employees who apply to have insurance continue during the time they are receiving employee compensation, and it has been determined that they will not return to duty, will have any valid designation of beneficiary transmitted to OPM. For further changes

in the designation of beneficiary, or a first-time designation, employees will send the SF-2823 to:

Office of Personnel Management (OPM)  
Employee Service & Records Center  
Boyers, PA 16017

T. J. CLARK  
Deputy Administrator  
Administrative Management